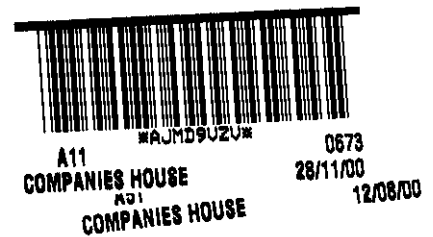


The Church of Jesus Christ of
Latter-Day Saints (LDS Social Services)

FINANCIAL STATEMENTS

for the year ended

31 December 1998



The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

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31 December 1998

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The Church of Jesus Christ of Latter-Day Saints
(LDS Social Services)
DIRECTORS AND OFFICERS

DIRECTORS

A K Broadway
R J Mawle
B C Calsen

SECRETARY

A K Broadway

COMPANY NUMBER

1346482 (England and Wales)

REGISTERED CHARITY NUMBER

275643

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands
B91 3DQ

AUDITORS

Baker Tilly
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham B3 3HN

BANKERS

HSBC
34 Poplar Road
Solihull
B91 3AF

The Church of Jesus Christ of Latter-Day Saints

(LDS Social Services)

DIRECTORS' REPORT

The directors, who are the charity's trustees, submit their report and the financial statements of The Church of Jesus Christ of Latter-Day Saints (LDS Social Services) for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are to arrange for the adoption and fostering of children and the provision of counselling services. No change is envisaged in the future. The company was formed as an unlimited company and is a registered charity.

RESULTS AND DIVIDENDS

The expenditure for the year has been met by a subsidy from the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints, a corporation incorporated in the state of Utah.

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 January 1998:-

A K Broadway	
B C Calsen	(Appointed 6 October 1999)
R J Mawle	
B P Jensen	(Resigned 6 October 1999)
B D Jacox	(Appointed 3 November 1998, Resigned 6 October 1999)

Mr A K Broadway retires by rotation and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES

None of the directors had, at any time during the year, a beneficial interest in the share capital of the company.

INTRODUCTION OF THE EURO

The directors believe the Introduction of the Euro will have no significant impact on the company's activities.

YEAR 2000

Although no organisation can guarantee that no year 2000 problems will arise, we believe that, having identified and removed the major risks to the business in accordance with the plan we have developed, it will be possible to quickly resolve any such problems as may arise without significant additional costs.

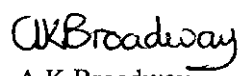
The cost of implementing the action plans to deal with the Year 2000 issue has been subsumed into the recurring activities of the company.

The Church of Jesus Christ of Latter-Day Saints
(LDS Social Services)
DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board


A K Broadway
Secretary

26 October 1999

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (LDS SOCIAL SERVICES)

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors, for the purposes of company law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs at 31 December 1998 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham
B3 3HN

28 October 1999

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 1998

	<i>Note</i>	1998 £	1997 £
Incoming resources			
Charitable work performed		33,512	21,331
Subsidy from parent company		190,382	189,799
		<hr/>	<hr/>
Total incoming resources		223,894	211,130
		<hr/>	<hr/>
Resources expended			
Direct charitable expenditure	4	223,894	211,130
		<hr/>	<hr/>
Total resources expended		223,894	211,130
		<hr/>	<hr/>
Net Incoming/(outgoing) resources		-	-
Fund balances brought forward at 1 January 1998		-	-
		<hr/>	<hr/>
Fund balances carried forward at 31 December 1998		-	-
		<hr/>	<hr/>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities.

The notes on pages 10 to 13 form part of these financial statements.

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 December 1998

	<i>Notes</i>	1998 £	1997 £
TURNOVER	1	33,512	21,331
Administrative expenses		223,894	211,130
		<hr/>	<hr/>
		(190,382)	(189,799)
Subsidy from parent company		190,382	189,799
		<hr/>	<hr/>
Operating deficit and result for the financial year	2	-	-
Retained reserves brought forward		-	-
		<hr/>	<hr/>
RETAINED RESERVES CARRIED FORWARD		-	-
		<hr/>	<hr/>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Income and Expenditure Account.

The result for the year arises from the company's continuing activities.

The notes on pages 10 to 13 form part of these financial statements.

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

BALANCE SHEET

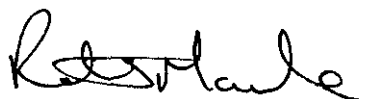
31 December 1998

	<i>Notes</i>	1998 £	1997 £
FIXED ASSETS			
Tangible assets	5	30,223	33,452
CURRENT ASSETS			
Debtors	6	1,448	303,438
Cash at bank and in hand		4,447	150
		5,895	303,588
CREDITORS: Amounts falling due within one year	7	36,018	336,940
NET CURRENT LIABILITIES		(30,123)	(33,352)
TOTAL ASSETS LESS CURRENT LIABILITIES		100	100
CAPITAL AND RESERVES			
Called up share capital	8	100	100
SHAREHOLDERS' FUNDS - UNRESTRICTED	9	100	100

These accounts have been prepared in accordance with the special provisions of Part VII of Companies Act 1985 relating to small companies.

Approved by the board on 26th October 1999

R J Mawle



Director

The notes on pages 10 to 13 form part of these financial statements.

The Church of Jesus Christ of Latter-Day Saints

(LDS Social Services)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations 1995, the Statement of Recommended Practice "Accounting by Charities" and under the historical cost convention and in accordance with applicable accounting concepts.

ACCOUNTING CONCEPT

The company's basis of accounting is that income is recorded on a cash basis. Expenditure is also recorded on a cash basis but modified for certain items of accrued expenditure. The effect of not preparing financial statements on the accruals basis is not considered by the directors to be material.

DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor vehicles

over 4 years

TURNOVER

Turnover represents the amount received for services provided.

PENSION CONTRIBUTIONS

The company operates a defined benefit pension scheme, the assets of which are held separately. The costs of providing pensions for employees are charged to the income and expenditure account as incurred. No contributions were outstanding at the year end.

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

1 TURNOVER

The company's turnover and result before taxation were all derived from charitable work performed in connection with its principal activity.

The company's turnover was wholly earned within the United Kingdom.

2	RESULT FOR THE YEAR	1998 £	1997 £
	This is stated after charging/(crediting):-		
	Depreciation on owned assets	13,503	12,553
	Auditors' remuneration	1,500	1,250
	Profit on disposal of tangible fixed assets	(5,166)	(3,947)

3	EMPLOYEES	1998 No.	1997 No.
---	-----------	-------------	-------------

The average weekly number of persons (including directors) employed by the company during the year was:

Directors	3	3
Counsellors	4	4
Office staff	2	2
	—	—
	9	9

	1998 £	1997 £
Staff costs for the above persons:		
Wages and salaries	144,409	132,286
Social security costs	12,116	11,183
Other pension costs	16,125	14,678
	—	—
	172,650	158,147

DIRECTORS' REMUNERATION

None of the directors who served during the year ended 31 December 1998 received remuneration from this company, nor was any charge made to the company for their services by any other group company.

4 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Other £	Depreciation £	Total £
Charitable expenditure	172,650	37,741	13,503	223,894

The Church of Jesus Christ of Latter-Day Saints
(LDS Social Services)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1998

5 TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i>
	£
Cost	
1 January 1998	63,803
Additions	13,383
Disposals	(23,176)
	<hr/>
31 December 1998	54,010
	<hr/>
Depreciation	
1 January 1998	30,351
Charged in the year	13,503
Disposals	(20,067)
	<hr/>
31 December 1998	23,787
	<hr/>
Net book value	
31 December 1998	30,223
	<hr/>
31 December 1997	33,452
	<hr/>

6 DEBTORS

	1998	1997
	£	£
Due within one year		
Amounts due from group undertakings	-	303,438
Sundry debtors	1,448	-
	<hr/>	<hr/>
	1,448	303,438
	<hr/>	<hr/>

7 CREDITORS: Amounts falling due within one year

	1998	1997
	£	£
Bank overdraft	-	342
Amounts due to group undertakings	34,608	336,598
Accruals	1,410	-
	<hr/>	<hr/>
	36,018	336,940
	<hr/>	<hr/>

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

8	EQUITY SHARE CAPITAL	1998	1997
		£	£
	Authorised		
	100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
	Allotted, issued and fully paid		
	100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS - UNRESTRICTED	1998	1997
		£	£
	Result for the financial year	-	-
	Opening shareholders' funds	100	100
		<u> </u>	<u> </u>
	Closing shareholders' funds	100	100
		<u> </u>	<u> </u>

Shareholders' funds are entirely attributable to equity interests.

10 ULTIMATE HOLDING COMPANY

The company is owned by London Wall Administration (SS1) Limited and London Wall Administration (SS2) Limited.

The ultimate holding companies and controlling parties are The Corporation of The President of The Church of Jesus Christ of Latter-Day Saints and the Corporation of the Presiding Bishopric of The Church of Jesus Christ of Latter-Day Saints, corporations incorporated in the state of Utah in the United States of America.

Assurances of continued financial support have been received from The Corporation of The President of The Church of Jesus Christ of Latter-Day Saints.

11 RELATED PARTY TRANSACTIONS

During the year the company received a subsidy of £190,382 from The Corporation of The President of The Church of Jesus Christ of Latter-Day Saints. Balances due to and from group entities at the year end are disclosed in notes 6 and 7.

The company is provided with offices rent free by the Church of Jesus Christ of Latter-Day Saints (Great Britain).

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

12 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The group operates a defined benefit pension scheme whose assets are held in independent trustee administered funds. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method, the most recent valuation being at 31 December 1995. The assumptions which have the most significant effect on the results of the valuation are the rate at which current salaries and pensions will increase and the return the scheme will earn on its assets.

It was assumed for the 1995 valuation that salaries would increase by 7.5% and the investment returns would be 4% per annum, and that present and future pensions would increase at the rate of 3% per annum. The actuarial valuation of the scheme's assets at 31 December 1995 was £7,834,070 and was estimated to fully cover the scheme's liabilities at that date.

The contributions of the group and its employees will remain at 13.7% and 5% respectively.

The pension charge for the year was £16,125 (1997 £14,678).